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ALVORD AND ALVORD

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INTERSTATE COMMERCE COMMISSION

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* NOT A MEMBER OF D. C. BAR
** ALSO A MEMBER OF OHIO BAR

February 20, 1981

RECORDATION NO. 12942-A

Ms. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D.C.

INTERSTATE COMMERCE COMMISSION

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Dear Madam:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303 are original and one copy of 1) Lease Agreement (No. 3309101) dated as of February 17, 1981 and 2) Assignment of Purchase Agreement dated as of February 17, 1981, together with Consent of ACF Industries, Incorporated ("Documents").

A general description of the railroad equipment covered by the Documents is:

Thirteen (13) 100-ton roller bearing, 13,500 gallon jumbo pressure tank cars (DOT Classification: 105A400W) bearing reporting mark and numbers LEYX 601, 602, 603, 604, 606, 607, 610, 611, 612, 613, 617, 618 and 619.

The names and addresses of the parties to the Documents are:

LESSOR/ASSIGNEE: Wells Fargo Equipment Leasing Corporation
425 California Street
San Francisco, California 94104

LESSEE/ASSIGNOR: Wanda Petroleum Company
P.O. Box 53120
Houston, Texas 77052

The undersigned is agent for the Lessor/Assignee for the purpose of submitting the Documents for recordation

Consent - CT Kappler

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Ms. Agatha L. Mergenovich
Interstate Commerce Commission
February 20, 1981
Page Two

and has knowledge of the matters set forth therein.

Please return the stamped copies of the enclosed Documents to the undersigned or to the bearer thereof.

Also enclosed is a remittance in the amount of \$60.00 in payment of the required recordation fee.

Very truly yours,

ALVORD AND ALVORD

By: Charles T. Kappler

Charles T. Kappler

CTK/lac
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Charles T. Kappler
Alvord and Alvord
200 World Center Building
918 Sixteenth St. N. W.
Washington, D. C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/20/81 at 1:00PM, and assigned recordation number(s). 12942, & 12942-A

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

ICC Copy
New No

LEASE AGREEMENT

(No. 3309101)

12942
RECORDATION NO. Filed 1425

FEB 20 1981 - 1 00 PM
INTERSTATE COMMERCE COMMISSION

THIS LEASE AGREEMENT (this "Lease") dated as of February 17, 1981 between WELLS FARGO EQUIPMENT LEASING CORPORATION, a California corporation (the "Lessor"), and WANDA PETROLEUM COMPANY, a Texas corporation (the "Lessee").

WITNESSETH:

The parties hereto agree as follows:

1. CERTAIN DEFINITIONS.

Acceptance Date of an Item of Equipment means the date on which such Item is accepted by the Lessee in accordance with Section 2(c).

Basic Rent for an Item of Equipment means the amount determined by multiplying the Delivered Cost of such Item by the applicable rental payment factor set forth in the Schedule (as that factor may be adjusted from time to time in accordance with the provisions of the Schedule).

Certificate of Acceptance means a certificate substantially in the form of Exhibit A evidencing acceptance of an Item of Equipment.

Code means the Internal Revenue Code of 1954, as in effect on the date of this Lease.

Delivered Cost means all amounts paid, payable or reasonably estimated to be payable to the Manufacturer, the Lessee or any contractor or any taxing authority for or in respect of the Equipment, including any applicable sales, use and similar taxes, and, subject to the Lessor's prior approval, transportation charges and assembly and installation costs.

Equipment means all of the equipment, machinery or other property described in the Schedule.

Event of Default means any of the events specified in Section 12.

Event of Loss means any event by which an Item of Equipment is lost, stolen, destroyed, irreparably damaged, rendered permanently unusable, condemned or confiscated.

Item of Equipment or Item means a distinct unit of the Equipment, including any accessions thereto.

Manufacturer of an Item of Equipment means the manufacturer, supplier or vendor from whom such Item is purchased.

Outside Acceptance Date means the date identified as such in the Schedule.

Person means an individual, partnership, corporation, trust, unincorporated organization or government (including any political subdivision or governmental agency).

Rent means all Basic Rent and all other obligations of the Lessee to pay money in accordance with the terms of this Lease.

Schedule means such lease schedule or schedules as may be executed from time to time by the Lessee and the Lessor with reference to this Lease.

Stipulated Loss Value means the amount computed by multiplying the Delivered Cost of an Item of Equipment by the percentage corresponding to the applicable rental payment date set forth in Exhibit B (as such percentage may be adjusted from time to time in accordance with the provisions of the Schedule or Section 11(c)(v)).

2. ACCEPTANCE AND LEASE.

(a) Lease. The Lessor leases to the Lessee and the Lessee leases from the Lessor, on the terms and subject to the conditions of this Lease, all Items of Equipment accepted by the Lessee in accordance with this Section.

(b) Inspection and Testing. The Lessee shall inspect and conduct appropriate tests of each Item of Equipment before the Lessee accepts it; provided that such testing will not result in the "original use" of such Item (within the meaning of Sections 48(b)(2) and 167(c)(2) of the Code) from commencing with any Person other than the Lessor.

(c) Acceptance; Conditions Precedent. The Lessee shall accept Items of Equipment on or before the Outside Acceptance Date by delivering to the Lessor on the initial Acceptance Date the documents listed as additional conditions precedent in the Schedule and on each Acceptance Date the following documents with respect to each Item, duly executed and dated as of such Acceptance Date and in form and substance satisfactory to the Lessor:

- (i) a bill of sale or other document of title showing the Lessor as the owner;
- (ii) a Certificate of Acceptance;
- (iii) an original Manufacturer's invoice marked "Approved for payment" and signed by the Lessee; and

(iv) such other approvals, opinions and documents as the Lessor may reasonably request.

(d) Payment of Delivered Cost. So long as the Delivered Cost does not exceed the Maximum Delivered Cost set forth in the Schedule, the Lessor shall make timely payment of all amounts included in the Delivered Cost for each Item of Equipment accepted in accordance with Section 2(c).

3. TERM. The term of this Lease with respect to each Item of Equipment (the "Term") shall commence on its Acceptance Date and, unless earlier terminated as provided in this Lease, shall continue for the period set forth in the Schedule, and for all extensions and renewals of such period.

4. RENT.

(a) Rent. The Lessee shall pay Rent, in the amounts and at the times set forth in this Lease, to the Lessor at P. O. Box 44662, San Francisco, California 94144, or to such other Person or at such other place as the Lessor may designate by written notice to the Lessee.

(b) Late Charge. If the Lessee shall be more than five days late in the payment of Rent, the Lessee shall pay to the Lessor on demand a late charge equal to 5% of the unpaid amount plus interest thereon from the due date of such payment of Rent (without regard to any grace period) until paid at the rate of 12% per annum, or such lesser charge and at such lesser rate as may represent the maximum permitted by law.

(c) Duty to Pay Absolute. Until the Lessee's obligation to pay Rent has been terminated as provided herein, it shall be absolute, unconditional and without deduction, offset or abatement for any reason, and shall continue in full force and effect regardless of the Lessee's ability to use any Item of Equipment, any breach of this Lease by the Lessor or any other reason.

5. QUIET ENJOYMENT. The Lessor warrants that it shall not interfere with the Lessee's quiet enjoyment of the use of the Equipment so long as no Event of Default shall have occurred and be continuing.

6. LESSEE'S REPRESENTATIONS AND WARRANTIES. The Lessee represents and warrants as follows:

(a) Due Organization and Qualification. If the Lessee is not an individual, it has been duly organized and is validly existing under the laws of its state of organization and is duly qualified to do business in all jurisdictions where the failure to so qualify would have a material adverse effect upon the Lessee.

(b) Legal Power to Lease. The Lessee has the legal power, authority and right to enter into and perform this Lease.

(c) Corporate Approval. If the Lessee is a corporation, the execution, delivery and performance of this Lease by the Lessee have been duly authorized by all requisite corporate action and do not conflict with and will not result in a violation of its Certificate of Incorporation or By-Laws.

(d) Enforceability. This Lease constitutes a legal, valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its terms, subject to any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally.

(e) No Violation of Law or Contract. The execution, delivery and performance of this Lease by the Lessee do not conflict with and will not result in a violation of any agreement, instrument, order, writ, judgment or decree to which the Lessee is a party or is subject, and such execution, delivery and performance will not result in the creation of any lien or encumbrance upon any of the Lessee's property.

(f) Government Approvals. No approval, authorization or other action by, or filing with, any governmental authority is required in connection with the execution and delivery of this Lease by the Lessee (except for any matters that may have been disclosed in writing by the Lessee to the Lessor, and, as to those matters, all necessary action has been taken).

(g) Actions and Proceedings. There are no pending or, to the best of the Lessee's knowledge, threatened actions or proceedings before any court, arbitrator or administrative agency that will materially and adversely affect the condition, business or operations of the Lessee or its ability to perform its obligations under this Lease.

(h) No Presumption of Fraud. If the transactions contemplated by this Lease constitute a sale-leaseback of the Equipment, they will raise no presumption of fraud under federal or state laws, including, without limitation, laws relating to fraudulent conveyances and bulk transfers, and will be effective against all of the Lessee's creditors.

(i) Financial Statements. All financial statements of the Lessee heretofore delivered to the Lessor in connection with this Lease have been prepared in accordance with generally accepted accounting principles, are true and correct in all material respects and fairly present the financial condition and the results of the operations of the Lessee as of the dates and for the periods reflected therein.

7. AFFIRMATIVE COVENANTS OF LESSEE. During the Term, the Lessee shall, unless the Lessor shall otherwise consent in writing:

(a) Location of Equipment. Cause the Equipment, when delivered, to be located or based where designated in the Schedule.

(b) Lessor's Inspection. At all reasonable times and upon reasonable notice permit the Lessor or its authorized representatives to inspect the Equipment and the books and records of the Lessee relating thereto. The Lessor shall have no duty to make any such inspection and shall not incur any liability or obligation by reason of not making any such inspection.

(c) Use. Permit the Equipment to be used only in the United States by qualified personnel for a purpose for which the Equipment was designed by the Manufacturer and in compliance with all laws, ordinances, regulations and insurance requirements relating to the use or operation thereof.

(d) Marking. On the Acceptance Date affix prominently to the Equipment and maintain thereon such labels, plates or decals as may be provided by the Lessor, or conspicuously mark the Equipment with such notices as the Lessor may reasonably request, to the effect that the Equipment is owned by the Lessor.*

(e) Maintenance and Repair. At its sole expense, maintain the Equipment in the condition the Equipment was in when delivered to the Lessee, ordinary wear and tear excepted, in good operating order, and in compliance with all laws, ordinances, regulations and insurance requirements, with any Manufacturer's written recommendations as to repair and maintenance practices and with any specific maintenance and repair standards set forth in the Schedule. The Lessee shall replace all parts of the Equipment that become worn out, lost, stolen, destroyed, damaged beyond repair or otherwise rendered permanently unfit for use with replacement parts, each of which shall (i) be new, or, if used, in as good condition as the part being replaced (assuming the replaced part to have been maintained to the standards required by this Section), (ii) be free of all liens except those permitted by this Lease and (iii) immediately become the property of the Lessor. The Lessor shall not be obligated in any way to maintain, repair or rebuild the Equipment, and the Lessee expressly waives the right to perform any such actions at the expense of the Lessor pursuant to any law at any time in effect.

(f) Licensing and Registration. At its sole expense, obtain such licensing and registration of the Equipment as is required by federal, state and local law or regulation.

* For additional provisions, see Section V.E. of the Schedule

(g) Insurance. At its sole expense, procure and maintain (i) public liability and property damage insurance with respect to the Equipment ("Liability Insurance") in amounts (including deductible amounts) consistent with prudent industry practice, its own practice or the Lessor's minimum insurance requirements, whichever provides the greater coverage, and (ii) "all risks" and extended coverage insurance against loss or damage to each Item of Equipment ("Loss Insurance") in an amount no less than its Stipulated Loss Value.

The policies of all such insurance shall (1) if Liability Insurance, name the Lessor as an additional insured and, if Loss Insurance, be payable to the Lessor; (2) provide for cancellation, adverse modification or lapse to be effective as to the Lessor only upon 30 days' prior written notice to the Lessor by the insurer; (3) waive the insurer's right to claim premiums from the Lessor; (4) as to the Lessor, be primary insurance and not require contributions from other policies held by the Lessor; (5) insure the interests of the Lessor regardless of the Lessee's breach or violation of any warranties, declarations or conditions contained in such policies; and (6) be written by insurers, and be in a form, reasonably satisfactory to the Lessor.

As between the Lessor and the Lessee it is agreed that all insurance payments received as the result of any property damage to the Equipment shall be applied in payment of (or to reimburse the Lessee for) repairs or replacement in accordance with Section 7(e) or the Lessee's obligations under Section 9, and (so long as no Event of Default shall have occurred and be continuing) any excess shall be paid to the Lessee.

Whenever the Lessee files a claim for insurance payments resulting from damage to, or total or partial loss or destruction of, the Equipment, the Lessee shall send a copy or summary thereof to the Lessor.

The Lessee shall furnish the Lessor on or before each Acceptance Date with certificates of insurers or independent insurance brokers satisfactory to the Lessor evidencing compliance with the requirements of this Section 7(g) for each Item of Equipment being accepted. At least 30 days prior to the renewal date for the insurance described in the certificates, the Lessee will furnish the Lessor with certificates evidencing the renewal of such insurance or its replacement with other insurance complying with this Section 7(g).

(h) Surrender. At its sole expense, return each Item of Equipment to the Lessor at the end of its Term by delivering the Item to the location or into the custody of the carrier designated by the Lessor within the state in which the Item was accepted by the Lessee or to which it was moved with the Lessor's consent. If the Item is delivered into the custody of a carrier the Lessee shall arrange for the shipping

of the Item and its insurance in transit in accordance with the Lessor's instructions and at the Lessor's sole expense. If the Item or its component parts were packed or crated for shipping when new, the Lessee, at its sole expense, shall pack or crate the Item or its component parts carefully and in accordance with any recommendations of the Manufacturer thereof with respect to similar new equipment before returning the Item to the Lessor. When the Item is returned to the Lessor, it shall be in the condition and repair required to be maintained under Section 7(e), shall be free of all evidence of advertising or insignia placed thereon by the Lessee, shall be free of all liens other than those in favor of the Lessor or any Person claiming through or under the Lessor, and shall meet all legal and regulatory conditions necessary for Lessor to sell or lease it to a third party. Upon written request of the Lessor, the Lessee shall provide free storage for one or more Items of Equipment for a period not to exceed 60 days before returning the Equipment to the Lessor. When the Lessee has returned an Item of Equipment to the Lessor in accordance with this Section 7(h) or has placed an Item in storage in accordance with the Lessor's written request, the risk of loss with respect to that Item shall pass to the Lessor.

(i) Personal Property. Ensure that the Equipment shall at all times be personal property regardless of whether it becomes affixed or attached to, or permanently rests upon, any real property or any improvement thereon.

(j) Financial Reports. Furnish the Lessor during the Term with annual audited financial statements within 120 days after the end of its fiscal year and such other financial information and reports, including reports filed with federal or state regulatory agencies, as the Lessor may reasonably request.

(k) Liens. Pay promptly all amounts claimed by any party that, if unpaid, might become a lien, charge, security interest or other encumbrance upon an Item of Equipment or the Lessee's leasehold interest in it, and discharge promptly any such lien, charge, security interest or other encumbrance that arises; provided that the Lessee shall not be required to pay any such amount or discharge any encumbrance in favor of the Lessor or any Person claiming through or under the Lessor.

8. NEGATIVE COVENANTS OF LESSEE. During the Term, the Lessee shall not, unless the Lessor shall otherwise consent in writing:

(a) Alterations. Make any additions, modifications or improvements to any Item of Equipment that will materially impair its commercial value or utility. All additions, modifications or improvements (except those that may readily be removed without material impairment of the commercial value or utility of any Item) shall constitute accessions to such Item, shall be free from all liens except those permitted by this Lease, and shall immediately become the property of the Lessor.

(b) Waiver and Consent. Permit any Item of Equipment to be installed on any property or in any facility unless there shall have been delivered to the Lessor a waiver and consent in form and substance satisfactory to the Lessor from each Person holding an interest in such property or facility (other than holders of mechanics', materialmen's and similar liens).

(c) Merger; Reorganization. Merge or consolidate with or into, or sell or otherwise transfer all or substantially all of its assets to, any Person, but the Lessor shall not withhold unreasonably its consent to such a reorganization.

9. LOSS. If an Item of Equipment shall suffer an Event of Loss, the Lessee shall immediately so notify the Lessor. On the rental payment date next following the date of such Event of Loss (the "Payment Date"), the Lessee shall pay to the Lessor an amount equal to the sum of (i) the Stipulated Loss Value of such Item on the Payment Date, (ii) the installment of Basic Rent with respect to such Item that falls due on the Payment Date and (iii) all other Rent with respect to such Item due but unpaid on or prior to the Payment Date. Upon payment of such amount, the Term for such Item shall end, no further Basic Rent with respect to such Item shall be payable, and, so long as no Event of Default shall have occurred and be continuing, the Lessor shall either, at its sole option, assign to the Lessee all of the Lessor's right, title and interest in and to such Item, without representation or warranty except that such Item is free of all liens created by the Lessor, or sell the Item and, after deducting the Lessor's out-of-pocket sale costs, pay to the Lessee so much of the sale proceeds as shall not exceed the Stipulated Loss Value of such Item paid by the Lessee.

10. DISCLAIMER OF REPRESENTATIONS AND WARRANTIES. AS BETWEEN THE LESSEE AND THE LESSOR, THE LESSEE SHALL ACCEPT EACH ITEM OF EQUIPMENT AS IS, AND THE LESSOR HAS NOT AND SHALL NOT BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, DESIGN, VALUE, OPERATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR OF ANY ITEM OF EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY ITEM OF EQUIPMENT, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee. The Lessee confirms that it has selected the Equipment on the basis of its own judgment and has not relied on any statements, representations or warranties of the Lessor as to the Equipment, and further acknowledges that the Lessor is not the Manufacturer of, or a dealer in, the Equipment. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the Term to assert and enforce from time to

time, in the name of and for the account of the Lessor and the Lessee, as their interests may appear, at the Lessee's sole expense, whatever claims and rights the Lessor may have against the Manufacturer or any other third party; provided that if at any time an Event of Default shall have occurred and be continuing, such appointment shall automatically be suspended.

11. INDEMNITIES.

(a) General Indemnity. The Lessee hereby assumes liability for, and agrees to defend, indemnify and hold harmless the Lessor, its successors, assigns, employees, agents, shareholders and affiliates (each an "Indemnified Person") from and against any and all obligations, actions, suits, penalties, claims, demands, costs and expenses (including attorneys' fees and expenses) of any nature whatsoever which may be imposed on, incurred by or asserted against an Indemnified Person in any way relating to or arising or alleged to arise out of the execution, delivery, performance or enforcement of this Lease or with respect to the Equipment, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, financing, purchase, acceptance, rejection, ownership, delivery, non-delivery, leasing, possession, use, operation, repair, transportation, condition, sale, return, repossession (whether by summary proceedings or otherwise), or any other disposition of an Item of Equipment or any part thereof; (ii) any latent and other defects whether or not discoverable by an Indemnified Person or the Lessee; (iii) patent, trademark or copyright infringement; and (iv) any injury to or the death of any person or any damage to or loss of property, including claims based on strict liability in tort; but excluding those of the foregoing arising solely out of events occurring after the expiration of the Term and after the Lessee's discharge of all of its obligations under this Lease. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of any such claim or liability. The Lessee and the Lessor agree to give each other prompt written notice of any claim or liability hereby indemnified against, but the giving of any such notice by the Lessor shall not be a condition to the Lessee's obligations under this Section 11(a). The Lessee shall not be liable to indemnify an Indemnified Person to the extent that such Indemnified Person's willful misconduct or gross negligence caused the claim or liability giving rise to an indemnity under this Section 11(a). After an Indemnified Person has been fully indemnified against a claim pursuant to this Section 11(a) and so long as no Event of Default shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person (except against another Indemnified Person) in respect of the claim against which indemnity has been given. Nothing contained

herein shall be deemed to be a guarantee by the Lessee to the Lessor that the Equipment will have any residual value.

(b) General Tax Indemnity.

(i) Definition of Taxes. The Lessee hereby assumes liability for, and agrees to defend, indemnify and hold the Lessor harmless from and against any and all license, documentation, recording and registration fees, and any and all taxes, levies, imposts, duties, assessments, fees, charges and withholdings of any nature whatsoever, whether or not presently in existence, together with any penalties, fines, additions to tax or interest thereon, imposed by any government or taxing authority anywhere in the world (collectively referred to as "Taxes") upon or with respect to (1) any Item of Equipment or any part thereof; (2) the manufacture, financing, purchase, acceptance, rejection, ownership, delivery, non-delivery, leasing, possession, use, operation, repair, transportation, condition, sale, return, repossession (whether by summary proceedings or otherwise), or any other disposition of an Item of Equipment or any part thereof; (3) the rentals, receipts or earnings arising from any Item of Equipment or any applications or dispositions thereof; and (4) this Lease or any related documents; but excluding each of the following:

(A) Any Taxes indemnified by the Lessee pursuant to Section 11(c);

(B) United States federal, state and local taxes (including franchise taxes) based upon or measured by the net income of the Lessor and taxes on items of tax preference which are payable with respect to the transactions contemplated by this Lease to the state or political subdivision thereof in which the Lessor has its principal place of business, but not excluding Taxes levied or imposed upon any indemnity payments made pursuant to this Section 11;

(C) Taxes imposed as a result of a voluntary transfer or disposition by the Lessor of any Item of Equipment or any part thereof (other than any transfer or disposition (1) resulting from the exercise by the Lessee, or any Person claiming any right through the Lessee, of the Lessee's rights under this Lease, (2) at a time when an Event of Default shall have occurred and be continuing or (3) pursuant to the written consent of the Lessee);

(D) Taxes imposed on the Lessor as a result of its transfer or disposition of any interest in the Equipment as a result of bankruptcy or other similar proceedings, whether voluntary or involuntary, in which the Lessor is the debtor; and

(E) Taxes imposed for any period commencing after the Term and not relating to events or matters which occurred during the Term.

In the case of any Taxes that are reported on a consolidated or combined basis by the Lessor and its affiliates, the amount of the indemnity under this Section 11(b) shall be computed with reference to the rules applicable to the consolidated or combined return.

The Lessor shall forward promptly to the Lessee all written notices of Taxes assessed against it. Except when the Lessor determines to resist payment as provided in subsection (ii) below, the Lessee shall pay all amounts due under this Section 11(b) within 10 days after the receipt of notice from the Lessor or relevant taxing authority that such payment is due.

The Lessee further agrees to pay any Taxes imposed upon the Lessor by reason of any indemnity payments by the Lessee pursuant to this Section 11(b).

(ii) Contest. The Lessee may, within 30 days after receipt of a notice that Taxes are due, make a written demand of the Lessor that it shall contest its liability for such Taxes. The Lessor shall, in good faith and at the Lessee's sole expense, contest the claim, select the forum for such contest, determine whether to resist payment or to pay such Taxes and seek a refund in appropriate administrative or judicial proceedings, and otherwise control such contest; provided that the Lessor may refuse to take any such action unless and until (A) it shall have received a bond or other indemnity satisfactory to it for any liability, expenses or loss arising out of or related to such contest (including, without limitation, indemnity for all costs, expenses, losses, reasonable legal and accounting fees and disbursements, penalties and interest) and (B) it shall have determined that the action to be taken will not result in any danger of sale, forfeiture or loss of, or the creation of any lien (except if the lien shall be bonded) on all or any part of the Equipment or any interest in it.

(c) Indemnity for Loss of Tax Benefits.

(i) Indemnity. If as a result of any Cause of Tax Loss set forth in the Schedule the Lessor shall not be entitled to all Assumed Income Tax Benefits set forth in the Schedule, or any of those Benefits shall at any time be recaptured, disallowed or lost, or the Lessor shall be required to include in gross income amounts with respect to the transactions contemplated by this Lease, other than (A) Basic Rent in the amounts and at the times specified in the Schedule, (B) any indemnity payment pursuant to this Section 11 at the time of actual receipt by the Lessor, or (C) any Stipulated Loss Value payment under Section 9 at the time of actual receipt by the Lessor (any such failure of entitlement, recapture or inclusion in gross income being herein called a "Tax Loss"), then the Lessee shall indemnify the Lessor for the amount of the Tax Loss in accordance with this Section 11(c).

(ii) Amount of Indemnity.

(1) Payments by Lessee. In the case of any Tax Loss, the Lessee shall pay to the Lessor such amount (or, with Lessor's consent, such amounts from time to time over the remaining Term) as shall be necessary, after deduction of all Taxes required to be paid by the Lessor in respect of the receipt or accrual of such amount, to permit the Lessor to preserve both the net after-tax yield and net after-tax earnings that the Lessor would have realized had the Tax Loss not occurred (but considering only the fact that the Tax Loss has occurred).

(2) Payments by Lessor. If the Lessor receives a refund or reduction of federal, state or local income or franchise taxes attributable to a Tax Loss for which the Lessor has received an indemnity from the Lessee, which refund or reduction was not taken into account in determining the amount of the indemnity pursuant to Section 11(c)(ii)(1), the Lessor shall refund as much of the indemnity actually paid by the Lessee in respect of that Tax Loss (and remaining unrefunded by the Lessor) as shall exceed the amount to which the Lessor is entitled pursuant to Section 11(c)(ii)(1) after such refund or reduction has been taken into account; provided that no Event of Default shall have occurred and be continuing. Under no circumstances shall the Lessor be required to make any payment pursuant to this Section 11(c)(ii)(2) with respect to a Tax Loss in excess of the amount of the indemnity payment to which it is entitled in respect of that Tax Loss. If all or any part of a refund or reduction of federal, state or local income or franchise taxes in respect of which the Lessor has made a payment to the Lessee pursuant to this Section 11(c)(ii)(2) shall at any time be recaptured, disallowed or lost, such recapture, disallowance or loss shall be deemed to be a Tax Loss and shall be subject to the provisions of Section 11(c)(ii)(1).

(iii) Time of Payment. Any amount payable to the Lessor pursuant to this Section 11(c) shall be paid not later than 10 days after receipt of a written demand therefor from the Lessor (but not prior to the earlier of (A) payment by the Lessor of the additional federal, state or local income or California income or franchise tax (including payments of estimated tax), as the case may be, which shall become due as a result of such Tax Loss, or (B) the date the Lessor shall suffer a reduction in the amount of any refund of federal, state or local income or franchise tax which the Lessor would have been entitled to receive but for such Tax Loss), accompanied by a description of such Tax Loss and a computation of the amount so payable.

(iv) Contests. The Lessor shall promptly notify the Lessee of all written notifications of any proposed assessment or other action which would result in a Tax

Loss for which an amount may be payable by the Lessee in accordance with this Section 11(c) (a "Disallowance").

The Lessor shall be under no obligation whatsoever to contest any Disallowance, unless:

(A) The Lessee shall request the Lessor to contest the Disallowance within 30 days after receipt by the Lessee of the Lessor's notice and within 30 days thereafter independent tax counsel selected by the Lessee and reasonably acceptable to the Lessor shall render a written opinion that the Lessor has a meritorious claim to the tax benefits that are the subject of the Disallowance; and

(B) The Lessee shall agree to pay to the Lessor on demand all costs and expenses, including, without limitation, legal fees and expenses, incurred by the Lessor in connection with contesting the Disallowance.

The Lessor, at its sole option, may choose to forego any and all administrative appeals, proceedings, hearings and conferences with the relevant taxing authority in respect of such Disallowance but shall contest the Disallowance in good faith in a court of competent jurisdiction, which court shall be selected by the Lessor at its sole option. Counsel selected by the Lessor shall conduct the contest and control of the contest shall be in the absolute and sole discretion of the Lessor and such counsel; provided that the Lessor will consider in good faith requests from the Lessee concerning the conduct of the contest.

If the Lessor elects to contest the Disallowance by paying the tax claimed (including for the purposes hereof any interest and penalties payable with respect thereto) and by seeking a refund thereof, the amount so paid shall be deemed to have been paid in respect of a Tax Loss and the Lessor shall be entitled to indemnity under Section 11(c)(ii)(1) at the time the tax is paid. If any of the tax is so paid by the Lessor is later refunded by the taxing authority, the Lessee shall be entitled to a refund under Section 11(c)(ii)(2) at the time the Lessor receives the refund.

The Lessor may at any time forego or discontinue any contest that it would otherwise be required by this Section 11(c) to pursue by waiving the Lessee's liability for any indemnity under this Section 11(c) and by immediately refunding any indemnity payments already made.

(v) Adjustment of Stipulated Loss Value. The Lessor shall, if necessary, recompute Stipulated Loss Value, in accordance with the manner in which such values were originally computed, to reflect all indemnity payments actually made pursuant to this Section 11(c). The Lessor shall certify to the Lessee the new values to be

substituted for the values set forth in this Lease, and shall describe in the certificate the manner in which such new values were computed.

(vi) Affiliated Group. For purposes of this Section 11(c) the term "the Lessor" refers to the affiliated group of corporations of which the Lessor is a member that files a consolidated or combined income tax return and each member thereof.

(d) Survival of Indemnities. The Lessee's indemnities under this Section 11 shall be effective whether or not any of the transactions contemplated by this Lease shall be consummated and shall survive the expiration or earlier termination of this Lease.

12. EVENTS OF DEFAULT. The occurrence of any of the following events shall constitute an Event of Default hereunder:

(a) The Lessee shall fail to make any payment of Rent within five days after its due date; or

(b) The financial statements furnished to the Lessor by or on behalf of the Lessee or any representation or warranty made by the Lessee herein or in connection herewith shall prove to be incorrect in any material respect when made; or

(c) The Lessee shall make any unauthorized assignment, transfer or sublease of any Item of Equipment or of its interest in this Lease or shall fail to surrender the Equipment when required under the terms of this Lease; or

(d) The Lessee shall fail to maintain insurance as required under Section 7(g); or

(e) The Lessee shall fail to observe or perform any other covenant, condition or agreement contained herein, and such failure shall continue for 20 days after written notice from the Lessor to the Lessee specifying the failure and demanding that it be remedied; or

(f) A court having jurisdiction shall enter a decree or order for relief in respect of the Lessee in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Lessee or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(g) The Lessee shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in any involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee,

trustee, custodian, sequestrator (or similar official) of the Lessee or of any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing; or

(h) The Lessee shall (i) fail to pay any "Debt" (as hereinafter defined) of the Lessee, or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt or (ii) shall fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such Debt when required to be performed or observed, and such failure shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate, or to permit the acceleration of, the maturity of such Debt. For purposes hereof, "Debt" of any Person means (x) indebtedness for borrowed money or for the deferred purchase price of property or services and (y) obligations under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases, in respect of which indebtedness or obligations such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which such Person otherwise assures a creditor against loss; or

(i) Any event listed as an Event of Default in the Schedule shall occur.

13. REMEDIES. Upon and after the occurrence of an Event of Default, the Lessor may, in addition to exercising any other remedies now or later allowed by law:

(a) Declare all unpaid Rent to be immediately due and payable.

(b) Proceed by appropriate court action to enforce performance by the Lessee of the provisions of this Lease or to recover damages for their breach.

(c) Without court order or prior demand of the Lessee take possession of all or part of the Equipment wherever found and, for this purpose, enter upon any premises of the Lessee without any liability to the Lessee for such action.

(d) Use, hold, sell, lease or otherwise dispose of all or part of the Equipment on the Lessee's premises or elsewhere and recover from the Lessee, in addition to any other amounts owed by the Lessee hereunder, all of the costs and expenses incurred in so disposing of the Equipment, including the cost of repairing and maintaining the Equipment to the standard described in Section 7(e). Any disposition of the Equipment shall take place at such time and upon such terms as the Lessor may determine and shall be free and clear of all rights of the Lessee. Any sale of the Equipment may be

by public auction or by private sale and, if any written notice to the Lessee of a sale or lease is legally required, notice mailed to the Lessee at least 10 days prior to the sale or lease shall constitute reasonable notice.

(e) Terminate this Lease by written notice to the Lessee as to any or all Items of Equipment, and recover from the Lessee, as liquidated damages for loss of a bargain and not as a penalty, with respect to each Item as to which this Lease is terminated:

(i) all unpaid Basic Rent accrued to the date of termination (the Basic Rent for any period less than a full rental period to be the proportionate share of the Basic Rent for the full rental period);

(ii) any expenses incurred by the Lessor in connection with the repossession, holding, repair and subsequent sale, lease or other disposition of such Item, including reasonable attorney's fees and expenses;

(iii) all other unpaid amounts accrued in connection with this Lease before or after the date of termination; and

(iv) at the Lessor's sole option either (x) the amount by which the amount that would be owed by the Lessee pursuant to Section 9 had such Item of Equipment suffered an Event of Loss on the termination date exceeds the fair market value of such Item, or (y) the amount by which the present value of all Basic Rent that would have accrued after the termination date had this Lease not been terminated exceeds the present value of the fair rental value of such Item. Such present value shall be determined by applying, with the same frequency as the rental payment dates set forth in the Schedule, a discount rate of 7% per annum and shall be determined at the time an award of damages under this Section 13(e) is awarded or agreed, or when the Lessor disposes of the Item of Equipment to a third party, whichever occurs first. If the Lessor has sold the Item to a third party at the time that an award of damages under this Section 13(e) shall be awarded or agreed, the fair market value of the Item or the present value of the fair rental value of the Item, as the case may be, shall be conclusively presumed, for the purposes of this Section 13(e), to be equal to the proceeds to such sale. If the Lessor has leased the Item to a third party for a term substantially similar to the unexpired portion of the Term at the time an award of damages under this Section 13(e) shall be awarded or agreed, the fair rental value of such Item shall be conclusively presumed, for the purposes of this Section 13(e), to be equal to the rental reserved under such lease.

No act by the Lessor, other than giving a written notice of termination to the Lessee, shall terminate this Lease. Should the Lessor's actual damages arising from an Event of Default exceed the amounts specified in this Section 13(e), the Lessor shall

be entitled to such actual damages. None of the remedies under this Lease are intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to the Lessor at law or in equity. Any repossession or subsequent sale or lease by the Lessor of any Item of Equipment shall not bar an action for a deficiency and the bringing of an action or the entry of judgment against the Lessee shall not bar the Lessor's right to repossess any or all Items of Equipment. THE LESSEE WAIVES ANY AND ALL RIGHTS TO NOTICE AND TO A JUDICIAL HEARING WITH RESPECT TO THE REPOSSESSION OF THE EQUIPMENT BY THE LESSOR IN THE EVENT OF A DEFAULT BY THE LESSEE.

14. MISCELLANEOUS.

(a) Lessor's Right to Perform for Lessee. If the Lessee fails to perform or comply with any of its covenants or agreements contained herein, the Lessor may upon written notice to the Lessee perform or comply with such covenant or agreement, and the amount of the reasonable cost and expenses incurred by the Lessor in connection therewith, together with interest on such amount at 12% per annum, or at such lesser rate as may represent the maximum permitted by law, shall be payable by the Lessee to the Lessor on demand.

(b) Assignment by Lessor. The Lessor shall not assign this Lease without the Lessee's prior written consent (which shall not be unreasonably withheld), except in the following circumstances:

(i) The Lessor may, without the Lessee's consent, assign all or part of its rights and delegate all or part of its obligations under this Lease to an "affiliated company" or an "institutional investor" (as these terms are defined below).

(ii) The Lessor may, without the Lessee's consent, assign and create a security interest in all or part of the Equipment and its rights under this Lease.

If the Lessee is given notice of any such assignment, it agrees to acknowledge receipt thereof in writing and to pay the assignee the Rent and other sums so assigned. In the case of an assignment under clause (i) to an institutional investor, the Lessor shall be released from all of the obligations delegated upon their assumption by the assignee. In the case of an assignment under clause (ii), the Lessee waives the right to assert against the assignee any claims, defenses, counterclaims or setoffs that the Lessee may have against the Lessor.

The term "affiliated company" means (a) a company that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the Lessor. The term "institutional investor" means any substantial banking institution or insurance, finance or leasing company (or any wholly-owned

subsidiary of or any corporation controlling any such company) existing under the laws of the United States or any state thereof.

(c) Sublease and Assignment by the Lessee. The Lessee shall not, without the Lessor's prior written consent (which shall not be unreasonably withheld) (i) sublease or lend any Item of Equipment, or (ii) assign, pledge or hypothecate this Lease in whole or in part. The Lessee's interest herein is not assignable by operation of law except in a reorganization to which the Lessor has consented pursuant to Section 8(c).

(d) Holding Over. If the Lessee shall fail to surrender any Item of Equipment as required by this Lease upon the expiration of the Term, the Lessor may, but shall not be required to, treat this Lease as continuing in full force and effect with respect to such Item. The Lessee shall continue to pay Basic Rent during the holding over at the highest rate provided in this Lease (the Basic Rent for any period less than a full rental period to be the proportionate share of the Basic Rent for the full rental period) and the Stipulated Loss Value of the Item shall be the Stipulated Loss Value as of the last rental payment date of the Term. During any such holding over, the Lessor may without notice terminate this Lease and take possession of the Equipment.

(e) Non-Waiver. Failure by either party to enforce any rights under this Lease shall not be construed as a waiver of such rights nor shall a waiver by either party of a default in one or more instances be construed as constituting a continuing waiver in other instances. No waiver or modification of this Lease shall be valid unless evidenced by a writing signed by the party or parties whose rights or obligations are affected by such waiver or modification.

(f) Notices. All notices required or permitted under this Lease shall be sufficient if delivered personally or mailed by certified or registered mail, postage prepaid, to the party at its address set forth herein, or at such other address as either party may designate in writing from time to time. All notices shall be effective upon receipt.

(g) Further Assurances. The Lessee shall promptly execute and deliver to the Lessor such documents and assurances and take such further action as the Lessor may from time to time reasonably request in order to carry out more effectively the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of the Lessor hereunder, including, without limitation, if requested by the Lessor, at the expense of the Lessee, the preparation, execution and recording or filing of a memorandum of this Lease.

(h) Counterparts. This Lease may be executed in counterparts which taken together shall constitute one agreement.

(i) Survival. The obligations and liabilities of the Lessee arising under this Lease shall survive the expiration or earlier termination of this Lease, until all such obligations have been met and such liabilities have been paid in full.

(j) Severability. Any provision of this Lease which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective. Such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(k) Governing Law. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the State of California, including all matters of construction, validity and performance; provided that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

(l) Schedule and Exhibits. The Schedule and Exhibits referred to herein are an integral part of this Lease and all references to "this Lease" shall be construed as referring to this Lease, the relevant Schedule and all of the Exhibits.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LESSEE


WANDA PETROLEUM COMPANY

By


R. A. Davis

Its Sr. Vice President

Attest
By


R. L. Amery

Its Asst. Secretary

Address:

P. O. Box 53120
Houston, Texas 77052
Attention: John V. Melcher, Vice President

(CORPORATE SEAL)

LESSOR

WELLS FARGO EQUIPMENT
LEASING CORPORATION

By


R. A. Davis

Its SENIOR VICE PRESIDENT

By


Dan F. Walker

Its SENIOR VICE PRESIDENT

Address:

425 California Street
San Francisco, California 94104
Attention: Contract Administration

(CORPORATE SEAL)



CERTIFICATE OF ACCEPTANCE

No. _____

The undersigned hereby certifies that it has inspected, tested, approved and hereby accepts delivery of the following equipment on the terms and conditions set forth herein and in that Lease Agreement (No. _____) dated _____, 198__ (the "Lease").

1. Description of the Equipment (including identification numbers):

2. Location:

3. Delivered Cost: The Delivered Cost of the equipment is \$_____.

4. Basic Rent: As Basic Rent for the equipment described above, the Lessee shall pay to the Lessor 60 installments of \$_____ each, payable in arrears, commencing on the Basic Rent Commencement Date as defined in the Lease.

The Lessee warrants that the foregoing equipment is (1) correctly described, (2) in good condition and operating order, (3) fit for its intended use, (4) is new equipment and has not been used in commercial operations prior to the date hereof, and (5) has been marked in accordance with the provisions of the Lease.

The execution of this Certificate in no way affects any rights of the Lessor or the Lessee against the manufacturer or vendor of the equipment, including rights arising under any warranties, express or implied, on the equipment.

Executed on _____, 198__, at _____
in the State of _____.

WANDA PEROLEUM COMPANY

By _____

Receipt is hereby acknowledged by
Lessor this ____ day of _____, 198__.

By _____

EXHIBIT ¹³A

Exhibit B & C
STIPULATED LOSS VALUE SCHEDULE

STIPULATED LOSS VALUE SCHEDULE
 TO EQUIPMENT LEASE SCHEDULE NUMBER 01
 TO EQUIPMENT LEASE AGREEMENT NUMBER 3309101, DATED 022081
 BETWEEN WELLS FARGO EQUIPMENT LEASING ORGANIZATION AND
 WANDA PETROLEUM COMPANY

PRCD = PERIODIC RENT COMMENCEMENT DATE

FROM THE DUE DATE FOR RENTAL PAYMENT NUMBER:	UNTIL THE DUE DATE FOR RENTAL PAYMENT NUMBER:	THE STIPULATED LOSS VALUE AS A PERCENTAGE OF ORIGINAL COST FOR EACH UNIT OF EQUIPMENT IS:	THE EARLY TERMINATION VALUE AS A PERCENTAGE OF ORIGINAL COST FOR EACH UNIT OF EQUIPMENT IS:
#	PRCD		
PRCD	1	103.748	108.936
1	2	104.434	109.458
2	3	105.881	111.175
3	4	107.282	112.646
4	5	108.581	113.958
5	6	109.194	114.656
6	7	109.423	114.894
7	8	109.417	114.888
8	9	109.327	114.794
9	10	109.457	114.930
10	11	109.713	115.198
11	12	109.890	115.384
12	13	107.783	113.172
13	14	103.256	108.419
14	15	103.237	108.399
15	16	103.140	108.297
16	17	102.969	108.118
17	18	102.744	107.881
18	19	102.454	107.577
19	20	102.089	107.193
20	21	99.502	104.792
21	22	94.372	99.092
22	23	93.810	98.510
23	24	93.121	97.850
24	25	92.484	97.110
25	26	91.734	96.321

2 = FROM AND INCLUDING THE DATE THE CERTIFICATE OF
 ACCEPTANCE IS EXECUTED FOR EACH UNIT OF EQUIPMENT.

Handwritten signature

Exhibit B & C

STIPULATED LOSS VALUE SCHEDULE

PAGE 2

STIPULATED LOSS VALUE SCHEDULE
TO EQUIPMENT LEASE SCHEDULE NUMBER 01
TO EQUIPMENT LEASE AGREEMENT NUMBER 8309101, DATED 022081
BETWEEN WELLS FARGO EQUIPMENT LEASING ORGANIZATION AND
WANDA PETROLEUM COMPANY

FROM	UNTTL	SLV	ETV
25	26	90.922	95.468
26	27	90.036	94.538
27	28	87.577	91.956
28	29	81.285	85.349
29	30	80.220	84.231
30	31	79.084	83.039
31	32	77.871	81.764
32	33	76.619	80.450
33	34	75.309	79.075
34	35	73.931	77.627
35	36	72.483	76.107
36	37	71.051	74.604
37	38	69.599	73.079
38	39	68.098	71.503
39	40	66.535	69.862
40	41	64.993	68.243
41	42	63.436	66.608
42	43	61.843	64.936
43	44	60.187	63.197
44	45	58.518	61.444
45	46	56.809	59.650
46	47	55.061	57.814
47	48	53.245	55.908
48	49	51.499	54.074
49	50	49.716	52.202
50	51	47.871	50.265
51	52	45.961	48.260
52	53	43.936	46.186
53	54	41.944	44.042
54	55	39.834	41.825
55	56	37.653	39.536
56	57	35.401	37.171
57	58	33.075	34.729
58	59	30.674	32.205
59	60	28.197	29.607

THE SLV (AND ETV) VALUES REQUIRE
THAT THE PAYMENT DUE IN THE FIRST
COLUMN IS PAID ON THE DATE DUE.

LEASE SCHEDULE NO. 01

to

Lease Agreement (No. 3309101)
dated as of February 17, 1981 between
Wells Fargo Equipment Leasing Corporation and
Wanda Petroleum Company

I. LEASE TERMS

A. EQUIPMENT

Description of Items of Equipment:

Thirteen (13) ACF Industries, Incorporated 100 Ton Rollerbearing 33,500 Gallon Jumbo Pressure Tank Cars (DOT Classification: 105A400W) bearing the following identification numbers:

601, 602, 603, 604, 606, 607, 610, 611, 612, 613, 617, 618, 619 (all cars bear identifying letters LEYX)

Location: Houston, Texas

Maximum Delivered Cost: Not to exceed \$1,000,000 in the aggregate (or \$75,820.00 with respect to any Item).

Outside Acceptance Date: June 30, 1981

B. TERM

Rental Period: One calendar quarter

Number of Rental Periods in Term: Sixty

Earliest Termination Date: The seventh anniversary of the Basic Rent Commencement Date

C. BASIC RENT

Rental Payment Date: The last day of each Rental Period.

Rental Payment Factor: 3.1975%

Basic Rent Commencement Date: The date on which the Lessee accepts the last Item of Equipment to be accepted under this Lease, but in no event later than June 30, 1981

Lease Amortization Rate: 9.79%

D. ADJUSTMENTS IN BASIC RENT

Standard Yield: 12.18%

Yield Adjustment Date: February 26, 1981

Tax Law Adjustment Date: Basic Rent Commencement Date

II. RENT

A. INTERIM RENT

On the Basic Rent Commencement Date, the Lessee shall make one payment to the Lessor of Interim Rent for each Item of Equipment accepted prior to that date. The Interim Rent for each Item of Equipment shall be equal to the product of: (x) the Delivered Cost thereof, times (y) 1% above the Prime Rate (as hereinafter defined) on the Acceptance Date, divided by 365, times (z) the number of days from and including the Acceptance Date to but excluding the Basic Rent Commencement Date. "Prime Rate" means the rate of interest most recently announced at the principal office of Wells Fargo Bank, N.A. in San Francisco as its prime rate.

B. BASIC RENT

On each Rental Payment Date during the Term, the Lessee shall pay to the Lessor for each Item of Equipment an amount equal to the Delivered Cost thereof multiplied by the Rental Payment Factor (as it may be adjusted as provided below).

C. ADJUSTMENT FOR CHANGE IN STANDARD YIELD

The Rental Payment Factor is based on the Lease Amortization Rate and the Standard Yield. For any Item of Equipment accepted by the Lessee under this Lease after the Yield Adjustment Date, the average of the Yield (as hereinafter defined) on the Acceptance Date for such Item and on the four preceding business days for which the Yield is quoted will be determined and the Lease Amortization Rate for such Item of Equipment will be adjusted upwards or downwards to the same extent that such average Yield is higher or lower than the Standard Yield; provided that the Lease Amortization Rate shall not be adjusted pursuant to this paragraph by more than 200 basis points. The Rental Payment Factor for such Item of Equipment will then be adjusted to correspond to the adjusted Lease Amortization Rate. "Yield" means the published yield for 9% U.S. Treasury Notes due February 1987.

D. ADJUSTMENT FOR CHANGE IN TAX LAW

In the event of a Change in Tax Law (as defined below) either occurring or effective after the date hereof but on or before the Tax Law Adjustment Date, the effect of which will be a decrease in Lessor's Return (as defined below), the Lessor may at its sole option notify the Lessee of such Change in Tax Law and provide the

Lessee with a schedule of Rental Payment Factors, Stipulated Loss Values and Early Termination Values set forth in Schedule C hereto, all revised in a manner which will preserve Lessor's Return. If the Lessee shall question the accuracy of the revised amounts appearing on such schedule, and if the Lessor and the Lessee are thereafter unable to agree on the revised amounts, the matter shall be referred by the Lessor to independent accountants selected by the Lessor and approved by the Lessee (which approval shall not be unreasonably withheld) who shall determine the revised amounts necessary to preserve Lessor's Return, and such determination shall be final and binding on both the Lessor and the Lessee. The revised Rental Payment Factors, Stipulated Loss Values and Early Termination Values so agreed or determined shall be substituted for the corresponding amounts set forth in this Lease and such substituted amounts shall be applicable to all Items accepted by the Lessee hereunder. "Change in Tax Law" means any of the following events (1) an amendment of the Code, (2) the issuance by the Internal Revenue Service of a final regulation, revenue procedure or published revenue ruling, or (3) a final decision of a court affecting federal tax laws. An amendment of the Code shall be deemed to have occurred before the Tax Law Adjustment Date if the amendment had been approved before that date, in substantially the form enacted, by the House of Representatives or the Senate or by the Finance or Ways and Means Committees of the House or Senate. A final regulation shall be deemed to have been issued by the Internal Revenue Service before the Tax Law Adjustment Date if it had been issued before that date in substantially the same form as a proposed regulation. The Lessor may treat a proposed regulation that the Lessor determines in good faith is being complied with generally by similarly situated lessors as final regulation for purpose of this paragraph; provided that the Lessor shall refund to the Lessee all additional amounts paid by Lessee to the Lessor as a result of the foregoing adjustment if the proposed regulation is not ultimately issued as a final regulation in substantially the same form. A final decision of a court shall be deemed to have occurred before the Tax Law Adjustment Date if a court issued a decision before that date and the decision was substantially affirmed on appeal. "Lessor's Return" means the net after-tax yield and the net after-tax earnings originally contemplated by the Lessor to be realized from this lease transaction.

III. TAX MATTERS

A. CAUSES OF TAX LOSS

"Cause of Tax Loss" for the purposes of Section 11(c) of this Lease means any one or more of the following causes that shall result in a Tax Loss:

1. Any Item of Equipment not constituting "new section 38 property" within the meaning of Section 48(b) of the Code on its Acceptance Date.
2. Any Item of Equipment having been used on or before its Acceptance Date so as to preclude the "original use" of such Item, within the meaning of Section 48(b)(2) and 167(c)(2) of the Code, from commencing with the Lessor.
3. Any Item of Equipment ceasing at any time during the Term to be "section 38 property" within the meaning of Section 48(a) of the Code.
4. On its Acceptance Date, the basis of any Item of Equipment under Section 46(c)(1)(A) of the Code, for the purpose of computing the investment credit, and Section 167(g) of the Code and the corresponding provision of California law, for the purpose of computing depreciation deductions, being an amount less than the Delivered Cost thereof.

5. Any act or failure to act, or any misrepresentation or breach of warranty or agreement contained in this Lease or made pursuant to this Lease, in each case on the part of the Lessee. "Cause of Tax Loss" includes any act or forbearance of the Lessee permitted by this Lease or to which the Lessor has consented, but excludes any such act or forbearance expressly required of the Lessee by this Lease.

B. INCOME TAX ASSUMPTIONS

1. This Lease is a true lease of each Item of Equipment between the Lessor, as purchaser, owner, lessor and original user, and the Lessee, as lessee.
2. The entire Delivered Cost of the Equipment will be attributable to "new section 38 property" within the meaning of Section 48(b) of the Code.
3. The "original use" of each Item of Equipment will "commence", within the meaning of Section 48(b)(2) and 167(c)(2) of the Code and the corresponding provisions of California law, with the Lessor on the Acceptance Date thereof.
4. Each Item of Equipment will be "placed in service by" the Lessor, within the meaning of Sections 46 through 50 of the Code, during the half-year in which the Acceptance Date thereof shall occur.
5. The basis for each Item of Equipment on the Acceptance Date thereof under Section 46(c)(1)(A), for purposes of computing the investment credit, and Section 167(g) and the corresponding provisions of California law, for purposes of computing depreciation deductions, is an amount equal to the Delivered Cost thereof.
6. A credit against the tax imposed by Chapter 1 of the Code is allowable with respect to each Item of Equipment in an amount equal to 10% of the basis thereof pursuant to Section 38 and 46 through 50 of the Code and the Regulations promulgated thereunder (the "Regulations"), for the calendar year during which the Acceptance Date of such Item of Equipment occurs.
7. Depreciation deductions are allowable with respect to each Item of Equipment pursuant to Section 167 of the Code and the corresponding provisions of California law, and may be computed initially pursuant to the declining balance method of depreciation, using a rate equal to 200% of the straight line rate, and thereafter the method of depreciation may at any time be changed from such declining balance method to the sum of the years-digits method of depreciation, pursuant to Section 1.167(a)-11(c)(1)(iii) of the Regulations and the corresponding provisions of California law, without the consent of the applicable taxing authority.
8. The salvage value of each Item of Equipment is an amount equal to 10% of the Delivered Cost thereof after making the reduction permitted by Section 167(f) of the Code and the corresponding provisions of California law.
9. Each Item of Equipment may be depreciated over an asset depreciation period of 12 years under the asset depreciation range system of Section 167(m) of the Code and Section 1.167(a)-11 of the Regulations and a depreciation period of 12 years for California income and franchise tax purposes.

IV. LESSEE'S OPTIONS

A. EARLY TERMINATION

If the Equipment shall become obsolete or surplus to the requirements of the Lessee, so long as no Event of Default (or an occurrence which would constitute an Event of Default with the giving of notice or lapse of time or both) shall have occurred and be continuing, the Lessee shall have the option, on at least 90 days prior written notice to the Lessor, to terminate this Lease with respect to all (but not less than all), of the Equipment then subject hereto on a Rental Payment Date (the "Termination Date") no earlier than the Earliest Termination Date. During the period from the giving of such notice until the Termination Date, the Lessee, as agent for the Lessor, shall obtain at least three independent bids for the purchase of such Items of Equipment (which may not be from a Person affiliated with the Lessee or any Person from whom the Lessee or any such affiliate intends thereafter to purchase or lease such Items). The Lessor may (but shall be under no obligation to) solicit bids, inquire into the efforts of the Lessee to obtain bids or otherwise take any action in connection with any such sale. After the Lessee receives all bids, the Lessee shall certify to the Lessor in writing at least 30 days prior to the Termination Date the amount of each bid and the name and address of each bidder. On or before the Termination Date (1) the Lessee shall deliver such Items to the bidder, if any, which shall have submitted the highest bid, in the same manner as if delivery were being made to the Lessor pursuant to this Lease; (2) the Lessor shall sell such Items to such bidder for cash (the total sales price to be paid to and retained by the Lessor) by delivery of a bill of sale therefor on an "as-is, where-is" basis and without recourse or warranty, except that such Items are free and clear of all claims, liens, security interests and other encumbrances in favor of the Lessor or any Person claiming through or under the Lessor; (3) the Lessee shall pay to the Lessor the installment of Basic Rent that falls due on the Termination Date; and (4) if the net proceeds of the sale, after deducting all costs and expenses incurred by the Lessor in connection therewith, are less than the Early Termination Value of such Items on the Termination Date, as set forth in Exhibit C hereto, then the Lessee shall on the Termination Date pay to the Lessor such difference. Notwithstanding the foregoing, by written notice to the Lessee on or before the Termination Date the Lessor may elect to retain such Items of Equipment, in which event (a) no sale thereof shall take place, (b) the Lessee shall have no obligation to pay Early Termination Value with respect to such Items of Equipment as set forth in clause (4) of the preceding sentence but shall pay Basic Rent with respect thereto as provided in clause (3) thereof, and (c) the Lessee shall deliver such Items to the Lessor in the manner provided in this Lease. Upon compliance by the Lessee with the foregoing, the Term with respect to such Items of Equipment shall end as of the Termination Date and no further Basic Rent with respect to such Items of Equipment shall be payable. If no sale of such Items shall have occurred on or as of the Termination Date (unless the Lessor shall have elected to retain such Items), this Lease shall continue in full force and effect with respect to such Items of Equipment; provided that the Lessee may at some later date reinvoke these Early Termination provisions.

B. RENEWAL OPTION

So long as no Event of Default (or an occurrence which would constitute an Event of Default with the giving of notice or the lapse of time or both) shall have occurred and be continuing, and so long as there has been no materially adverse change in the Lessee's financial condition from the date hereof, the Lessee shall have the option on at least 120 days prior written notice to the Lessor to renew this Lease as to

all (but not less than all) Items of Equipment then subject hereto for a renewal term to be agreed upon by the Lessor and the Lessee and subject to the terms and conditions contained in this Lease; provided that the rent payable for and during such renewal term with respect to such Items of Equipment shall be an amount equal to the Fair Rental Value (as defined below) thereof as of the commencement of such renewal term.

C. PURCHASE OPTION

So long as no Event of Default (or an occurrence that would constitute an Event of Default with the giving of notice or the lapse of time or both) shall have occurred and be continuing, the Lessee shall have the option, on at least 120 days' prior written notice to the Lessor, to purchase all (but not less than all) Items of Equipment then subject hereto on the date of expiration of the Term for a purchase price equal to the Fair Market Value (as defined below) of such Items on such date. If such notice shall be given, the Lessor shall sell and the Lessee shall purchase each such Item on such date for its Fair Market Value. Upon payment by the Lessee of the purchase price for each Item, the Lessor shall execute and deliver to or at the direction of the Lessee a bill of sale therefor on an "as-is, where-is" basis and without any representation or warranty by the Lessor, except that such Item is free and clear of all claims, liens, security interests and other encumbrances in favor of the Lessor or of any Person claiming through or under the Lessor. The Lessee shall pay or cause to be paid all sales and use taxes payable in connection with such sale to it of any such Item of Equipment and all unpaid property taxes thereto assessed or levied against such Item and attributable to the period prior to such expiration.

D. FAIR MARKET AND FAIR RENTAL VALUES

Fair Market Value or Fair Rental Value, respectively, of the Equipment shall be determined on the basis of, and shall be equal in amount to the value which would obtain for the Equipment, in an arm's-length transaction between an informed and willing buyer or lessee and an informed and willing seller or lessor under no compulsion to sell or lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before 30 days after the Lessee shall have timely elected to renew this Lease or purchase the Equipment, the Lessor and the Lessee have not agreed upon a determination of the Fair Market Value or Fair Rental Value of the Equipment, as the case may be, such value shall be determined by a qualified independent appraiser selected by mutual agreement of the Lessor and the Lessee or failing such agreement, by a panel of three qualified independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third by the first two selected. If no appraiser can be agreed upon by the first two appraisers, such appraiser shall be selected in accordance with the rules for commercial arbitration of the American Arbitration Association. The appraisers shall be instructed to make such determination within a period of 20 days following appointment, and shall promptly communicate their determinations in writing to the Lessor and the Lessee. The determination so made by the sole appraiser or by a majority of the appraisers, as the case may be, shall be final and binding on both the Lessor and the Lessee. If each appraiser makes a different determination, the determination that differs most from the other two shall be excluded, the remaining two appraisals shall be averaged, and such average shall be final and binding on both the Lessor and the Lessee. The fees and expenses of such appraisal shall be paid by the Lessee.

V. MISCELLANEOUS

A. DEPOSIT, FEES AND EXPENSES

¹⁸ The Lessee has heretofore paid to the Lessor a deposit in the amount of \$~~19~~,000.00. Within 30 days after the aggregate Delivered Cost of Equipment actually accepted under this Lease has been determined, the Lessor shall refund such deposit to the Lessee (after deduction of the fees and expenses referred to below), in the ratio that such aggregate Delivered Cost bears to the Maximum Delivered Cost.

The Lessee will pay on demand all costs and expenses (including reasonable legal, appraisal and other professional fees and expenses) incurred by the Lessor in connection with the transactions contemplated by this Lease (including any amendments to, waivers or consents under, and assignments or subleases by the Lessee of this Lease) up to \$19,500, whether or not such transactions are consummated.

B. ADDITIONAL CONDITIONS PRECEDENT

1. Enterprise Products Company, a Texas corporation, shall execute and deliver to the Lessor an unconditional guarantee of the Lessee's performance of this Lease in form and substance to the Lessor and such guarantee shall be a legal and valid obligation of Enterprise Products Company and is enforceable against it in accordance with its terms.
2. The Lessor shall have received an effective assignment pursuant to an Assignment of Purchase Agreement dated as of the date hereof (the "Assignment") of all the Lessee's interest in the Equipment to be accepted under this Lease under a contract dated November 30, 19~~87~~⁷⁹ between the Lessee and ACF Industries Incorporated (the "Builder") for the manufacturer and sale of railroad equipment and the Builder shall have consented to the Assignment.
3. The Assignment and this Lease shall have been recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and no liens or interests in Equipment to be accepted under this Lease and not contemplated by this Lease appear in the records maintained by that Commission pursuant to Section 20c.
4. A financing statement on form UCC-1 shall have been filed with the Secretary of State of the State of Texas with respect to the Item or Items of Equipment to be accepted under this Lease.
5. An opinion of counsel for the Lessee dated the Acceptance Date and addressed to the Lessor, in form and substance satisfactory to the Lessor, to the effect that the representations and warranties set forth in Sections 6(a)-(g) and that the conditions set forth in paragraphs 1-4 of this Section V.B. have been satisfied.
6. A certificate of an officer of the Lessee certifying (1) a true and correct copy of resolutions adopted by the Lessee's board of directors authorizing the execution, delivery and performance of this Lease and the transactions contemplated hereby, which resolutions remain in full force and effect, and (2) the incumbency and specimen signatures of all officers of the Lessee executing this Lease and the Assignment and all other documents and instruments contemplated hereby.

C. SPECIFIC MAINTENANCE AND REPAIR STANDARDS

The Lessee shall maintain the Items of Equipment in accordance with the standards required by the interchange rules of the American Association of Railroads and in the same condition as other similar equipment owned or leased by the Lessee.

D. ADDITIONAL EVENTS OF DEFAULT

1. The guarantee of Enterprise Products Company referred to in paragraph 1 of Section V.B. shall for any reason be terminated or become unenforceable without the Lessor's consent.

E. SUPPLEMENTARY PROVISIONS

1. Identification Marks. The Lessee will cause each Item to be kept numbered with the identifying number set forth in this Schedule or, in the case of any Item not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Item, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Item, in letters not less than one inch in height, the words "WELLS FARGO EQUIPMENT LEASING CORPORATION, OWNER AND LESSOR UNDER A LEASE FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Lessor, with appropriate changes and additions thereto as from time to time may be required by law in order to protect the Lessor's right and title to such Item and the rights of the Lessor under this Lease. The Lessee will not place in operation or exercise any control or dominion over any Item under this Lease until such words shall have been so marked on both sides thereof and will replace promptly any of such words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Item.

LESSEE

WANDA PETROLEUM COMPANY

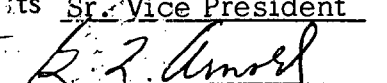
By



R. A. Davis

Its Sr. Vice President

Attest
By



Its Asst Secretary

LESSOR

WELLS FARGO EQUIPMENT
LEASING CORPORATION


By



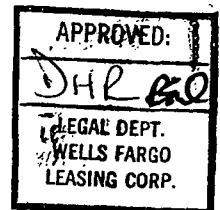
SENIOR VICE PRESIDENT

Its

By



SENIOR VICE PRESIDENT



STATE OF TEXAS

COUNTY OF HARRIS

) SS:
)

On this 18th day of February, 1981, before me personally appeared R. A. Davis, to me personally known, who, being duly sworn, says that he is a Sr. Vice President of WANDA PETROLEUM COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of such corporation, that such instrument is the corporate seal of such corporation, that such instrument was signed and sealed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Delta M. Garrett
Notary Public

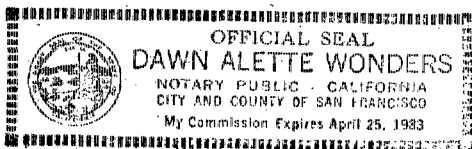
(Notarial Seal)

My commission expires:

DELTA M. GARRETT
Notary Public in Harris County, Texas
My Commission Expires May 11, 1981

STATE OF CALIFORNIA)
) SS:
COUNTY OF SAN FRANCISCO)

On this 19th day of February, 1981, before me personally appeared Ronald E. Dean and Dale R. Walker to me personally known, who, being duly sworn, says that they are the Senior Vice President and Senior Vice President respectively, of WELLS FARGO EQUIPMENT LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of such corporation, that such instrument is the corporate seal of such corporation, that such instrument was signed and sealed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.



Dawn Alette Wonders
Notary Public

(Notarial Seal)

My commission expires: April 25, 1983